
By: **Delegates Healey and Hixson**

Introduced and read first time: February 26, 2001

Assigned to: Rules and Executive Nominations

A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax Subtraction Modification for Computer Equipment and**
3 **Textbooks Donated to Schools**

4 FOR the purpose of allowing an individual or a corporation a subtraction modification
5 under the Maryland income tax for certain computer equipment and textbooks
6 donated by an individual or a corporation to certain schools in the State;
7 providing that the subtraction modification is in addition to any deduction
8 allowed for federal purposes for the donation of the equipment; requiring certain
9 schools to provide certain receipts for the donations; prohibiting the subtraction
10 modification under certain circumstances; providing for the application of this
11 Act; and generally relating to a subtraction modification under the Maryland
12 income tax for certain computer equipment and textbooks donated to certain
13 schools in the State.

14 BY adding to
15 Article - Tax - General
16 Section 10-208(q)
17 Annotated Code of Maryland
18 (1997 Replacement Volume and 2000 Supplement)

19 BY repealing and reenacting, with amendments,
20 Article - Tax - General
21 Section 10-308(b)
22 Annotated Code of Maryland
23 (1997 Replacement Volume and 2000 Supplement)

24 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
25 MARYLAND, That the Laws of Maryland read as follows:

1 **Article - Tax - General**

2 10-208.

3 (Q) (1) THE SUBTRACTION UNDER SUBSECTION (A) OF THIS SECTION
4 INCLUDES:5 (I) THE VALUE OF COMPUTER EQUIPMENT OR TEXTBOOKS THAT
6 THE TAXPAYER DONATES DURING THE TAXABLE YEAR TO:7 1. A PRIVATE OR PAROCHIAL ELEMENTARY OR SECONDARY
8 SCHOOL LOCATED IN THE STATE THAT DOES NOT HAVE AN ENDOWMENT GREATER
9 THAN \$1,000,000; OR10 2. A PUBLIC ELEMENTARY OR SECONDARY SCHOOL
11 LOCATED IN THE STATE; AND12 (II) THE VALUE OF NEW TEXTBOOKS THAT THE TAXPAYER
13 DONATES DURING THE TAXABLE YEAR TO A NONPUBLIC ELEMENTARY OR
14 SECONDARY SCHOOL MEETING THE REQUIREMENTS OF PARAGRAPH (3) OF THIS
15 SUBSECTION.16 (2) TO BE ELIGIBLE FOR THE SUBTRACTION UNDER PARAGRAPH (1)(I) OF
17 THIS SUBSECTION, THE COMPUTER AND ANY ACCOMPANYING HARDWARE,
18 SOFTWARE, OR COMPONENTS, MUST BE NO MORE THAN 2 YEARS OLD AND MUST
19 HAVE A VALUE, AS PROVEN BY COST RECORDS FROM A DONATING MANUFACTURER
20 OR A SALES RECEIPT, THAT EXCEEDS \$1,000 FOR NEW EQUIPMENT OR \$500 FOR USED
21 EQUIPMENT; AND22 (3) TO BE ELIGIBLE FOR THE SUBTRACTION UNDER PARAGRAPH (1)(II)
23 OF THIS SUBSECTION, THE TEXTBOOKS MUST BE DONATED TO A NONPUBLIC
24 ELEMENTARY OR SECONDARY SCHOOL THAT:25 (I) HOLDS A CERTIFICATE OF APPROVAL FROM OR IS REGISTERED
26 WITH THE STATE BOARD OF EDUCATION;27 (II) DOES NOT CHARGE MORE TUITION TO A STUDENT THAN THE
28 STATEWIDE AVERAGE PER PUPIL EXPENDITURE BY THE LOCAL EDUCATION
29 AGENCIES, AS CALCULATED BY THE STATE DEPARTMENT OF EDUCATION, WITH
30 APPROPRIATE EXCEPTIONS FOR SPECIAL EDUCATION STUDENTS AS DETERMINED
31 BY THE STATE DEPARTMENT OF EDUCATION; AND32 (III) COMPLIES WITH TITLE VI OF THE CIVIL RIGHTS ACT OF 1964, AS
33 AMENDED.34 (4) EACH SCHOOL MUST PROVIDE A RECEIPT TO THE INDIVIDUAL OR
35 CORPORATION MAKING THE DONATION THAT SPECIFIES THE VALUE OF THE
36 TEXTBOOKS DONATED OR THE ORION BLUEBOOK VALUE OF THE COMPUTER,
37 HARDWARE, SOFTWARE, OR COMPONENTS DONATED.

1 (5) THE SUBTRACTION ALLOWED UNDER THIS SUBSECTION IS IN
2 ADDITION TO ANY ITEMIZED DEDUCTION THAT MAY BE ALLOWED FOR THE
3 DONATION FOR FEDERAL TAX PURPOSES AND UNDER THIS SUBTITLE.

4 (6) THE SUBTRACTION UNDER THIS SUBSECTION IS NOT ALLOWED IF
5 CUSTOMER PATRONAGE OF ANY KIND IS REQUIRED AS PART OF THE DONATION.

6 10-308.

7 (b) The subtraction under subsection (a) of this section includes the amounts
8 allowed to be subtracted for an individual under:

9 (1) § 10-208(d) of this title (Conservation tillage equipment expenses);

10 (2) § 10-208(i) of this title (Reforestation or timber stand expenses);

11 (3) § 10-208(k) of this title (Wage expenses for targeted jobs);

12 (4) § 10-208(m) of this title (Poultry or livestock manure spreading
13 equipment); [and]

14 (5) § 10-208(p) of this title (Elevator handrails in health care facilities);
15 AND

16 (6) § 10-208(Q) OF THIS TITLE (DONATIONS OF COMPUTERS AND
17 TEXTBOOKS TO SCHOOLS).

18 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
19 July 1, 2001 and shall be applicable to all taxable years beginning after December 31,
20 2000.